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FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY : UNCLASSIFIED PRIORITY: AIR POUCH

TO : Department of State

FROM : Brussels, No. 736, June 1, 1950

REF :

SUBJECT : Campaign Statement of Economic and Financial Policy by Belgian Prime Minister

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As part of the Belgian election campaign at present under way, the "Agefi" apparently sent questionnaires to at least two Belgian Ministers which were to be used as interview-articles in that newspaper.

In its edition of May 21 and 22, 1950 "Agefi" carried a statement by Mr. Gaston Eyskens, Belgian Prime Minister and Member of the Christian Social Party. This statement of economic policy was made for purposes of the present electoral campaign.

A translation of Mr. Eyskens statement follows:

"One may clearly expect that in the electoral campaign now under way representatives of the two parties which participated in my government will bring out into the light of day the common work which we have accomplished and which unfortunately has been compromised during the last few months because of the political crisis.

"In my opinion the nervousness which exists in the country, paralyzing certain initiatives and which is reflected on the financial market by a marked drop in activity, is not justified.

"In fact, one can be almost certain that the PSC will play after the 4th of June a role even more important than recently in the direction of the country's affairs.

"One can therefore deduce that the line of conduct which will be followed by the PSC Minister in the next Cabinet will be a continuation of the policies applied in economic and financial domaines by the government which I have the honor to lead. This government carried out all its actions under the following banners: Expansion of private initiative by means of the complementary intervention of the State in order to support private initiative and to expand it in the best way for the collective interest of the nation, of social progress, and of the general well-being.

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"In those places where private invitiative does not take sufficient account of the general interest in its widest sense, it will be necessary to act so as to make things go in the right direction.

"For example, in that difficult question of the coal mines where, under the energetic leadership of Minister Duvieusart, we had the courage to completely change policy, it is not intended that the sole beneficiaries of the success of this change should be the producers, but we intended that the consuming businesses should also benefit.

"With regard to government expenditure, I am convinced that all those who are conscious of their responsibilities will approve the efforts which must still be made with a view to reduce wherever possible the burdens which weigh on the taxpayer.

"A balanced budget must be maintained by following a policy of severely controlling expenses of all parts of the Government. This is an essential factor for a return of general confidence which itself conditions the success of any lasting economic improvement.

"In Belgium saving is democratic because there are at least a million owners of securities.

"This saving is sufficient not only to cover the needs of the government but also to cover the needs of private enterprise, but in order to bring this about, it is necessary to accelerate the rhythm of circulation of capital and to reduce further, if possible, interest rates. The increase of deposits in the banks amounting to more than Belgian francs 1,700 million during March confirms this view.

"Today everybody admits that an active and healthy financial market is an essential element for directing capital towards those businesses which through a satisfactory rhythm of production bring to the community as a whole an element of appreciable prosperity.

"There is no longer any reason why one should not continue to do away with more of the hinderances which still exist limiting the free circulation of capital

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between international markets. The steadiness of the Belgian franc in the free market during the past mohths is in addition a new proof of its strength and shows that the exchange rates chosen last September at the time of the general readjustment of parities were well chosen. X

"The general price index which, despite certain 'auguries' also confirms this, as it has not stopped dropping since then. The struggle against that plague, unemployment, will without any doubt be energetically continued, and each time the opportunity is presented, one can be assured that the struggle will be carried on by the creation of new businesses. On the other hand, nothing will be neglected which would aid our exports, which are doing well, despite the handicap of the recent monetary disturbances, and restrictions of all types which continue in a number of countries.

"In this regard it should be noted that among other things a more liberal policy must be followed in the granting of guaranties for certain foreign contracts; and credits must be made easier to stimulate trade with certain great countries which are traditionally good customers whose fundamental wealth is well known.

"Among the same type of ideas tomorrow's government will certainly not hesitate to support the policy of OEEC which is aimed at aiding convertability of all moneys which--it is dull to repeat--affects the free exchange of goods. In line with ideas similar to those set out above everything must be done which will help make people again interested in saving.

"Thus it is to be hoped that one will see an end to the policy of plowing back profits which could have, should it be continued, unfortunate repercussions on corporate development in Belgium.

"To be as generous as possible with regard to corporate capital is in the long run an attitude which will pay; for all development of the industrial and commercial equipment of Belgium rests directly on the saving public and such development cannot, in a true democracy, be realized without the help of the saving public."

Donald B. Calder
Second Secretary of Embassy

Approved:

Patten D. Allen
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